

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

SPORTS SHINKO CO., LTD., a
Japan corporation,

Plaintiff,

vs.

QK HOTEL, LLC, a Hawaii limited
liability company, et al.,

Defendants,

and

FRANKLIN K. MUKAI,

Third-Party Plaintiff,

vs.

SPORTS SHINKO (USA) CO., LTD.,
a Delaware Corporation, et al.

AND CONSOLIDATED CASES

CV 04-00124 ACK-BMK

CV 04-00125 ACK-BMK

CV 04-00126 ACK-BMK

CV 04-00127 ACK-BMK

CV 04-00128 ACK-BMK

CONSOLIDATED CASES

DECLARATION OF
TAKEO KOSUGI;
EXHIBIT K1

DECLARATION OF TAKEO KOSUGI

I, TAKEO KOSUGI, hereby declare as follows:

1. I am an attorney-at-law (*bengoshi*) duly licensed to practice law in Japan since 1974, and I am a partner in the Matsuo & Kosugi law firm located at the Fukoku Seimei Bldg, 18F, 2-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011, Japan.

2. I make this declaration based on my personal knowledge. If I were called as a witness, I could and would competently testify about the matters stated herein.

3. I am fluent in both Japanese and English.

4. In 1966, I received an LL.B. from the University of Tokyo, and in 1972, I received an LL.M. (Judicial Review of Administrative Actions) from Harvard University. From 1968 to 1972, I was a judge of the District Court in Osaka, Japan. From 1972 to 1974, I was a judge of the District and Family Courts in Kushiro, Japan. Since 1974, I have been engaged in the private practice of law with the firm now known as Matsuo & Kosugi in Tokyo, Japan.

5. I worked at Ropes & Gray, Boston, in 1972, was a visiting scholar at Harvard University Law School, 1974-1975, worked at Milbank Tweed Hadley & McCloy, New York, 1975-1976, and worked at the Law Office of S.G. Archibald, Paris, France, 1976.

6. I was a Lecturer on international transactional law at the Supreme Court Legal Training and Research Institute, 1980-1985, and taught an international economics law course at Tsukuba University in 1992.

7. I am the author of "The Creation of a Domestic Commercial Paper Market in Japan," Columbia Journal of Transnational Law, Vol. 27, No. 1, 1988, and "Regulation of Practice by Foreign Lawyers," 27 Am. J. of Comp. Law 678, 1979. I was one of the translators into Japanese of D.G. Epstein's "Debtor-Creditor Law in a Nutshell, 2 ed." (1984). I have also authored numerous articles in Japanese on Japanese and international business law topics, including international aspects of bankruptcy law.

8. My other professional involvement includes: Central Labour Relations Commission for Seafarers, Vice President, 2005, and Member; International and Commercial Law Centre Foundation, Director, 1996, and Member; Law Association for Asia and the Pacific ("LAWASIA"), President, 1997-1999, and Member; Advisory Board for Law Reform, Ministry of Justice,

1986-1989; Advisory Board on Oversea Construction, Ministry of Construction, 1982-1984; and Advisory Board on Oversea Oil Exploration, Agency of Natural Resources and Energy, Ministry of International Trade and Industry, 1982-1984.

9. I have been involved in numerous corporate reorganizations in Japan, including:

- (a) Niigata Engineering Co. (2002~): Court-Appointed Trustee. Oversaw reorganization of corporation with large-scale operations in Japan and abroad, and with 210 Billion Yen in debt. Negotiated with parties in numerous countries where Niigata had overseas operations and worked closely with local counsel in each country as well as with numerous stakeholders and their representatives in Japan and abroad. Oversaw disposal of overseas operations.
- (b) Hokke Club (1997): Court-Appointed Trustee. Oversaw reorganization of business hotel chain group of companies. Was able to arrange for all group companies to survive through a sponsor which carried on the business without interruption.
- (c) I have served as a court-appointed trustee and liquidator in several other cases since 1976, many including international operations and assets.
- (d) I have acted as counsel to sponsor companies on many occasions. Most recently, I represented the sponsor in the successful reorganization of a resort hotel company. I worked closely with resort management, sponsor, financial institutions

and other interested parties to arrange financing on a fast-track schedule.

- (e) I have acted as counsel to banks which were creditors in numerous reorganizations, rehabilitations, liquidations, etc., over the past thirty years.

10. This declaration is being submitted in support of the KG Defendants' Motion for Reconsideration.

11. I have reviewed in their entirety the following documents:

- (a) Reorganization Plan for Sports Shinko Co., Ltd., Osaka District Court, the approval of which is dated November 23, 2003, and the exhibits thereto.
- (b) Official gazette entries pertaining to the approval of the reorganization plan and the substance of the plan of Sports Shinko Co., Ltd. dated December 15, 2004.
- (c) Order Denying Defendants' Motion for Summary Judgment in Civ. No. 04-00128 ACK/BMK dated March 28, 2006.
- (d) Transcript of Proceedings Before the Honorable Alan C. Kay, United States District Judge, regarding KG Defendants' Motion for Summary Judgment in CV-04-00128 ACK-BMK, dated March 20, 2006.

12. Attached hereto and marked Exhibit K1 is my memorandum on the laws of Japan as they pertain to this case.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

This declaration was signed in Tokyo, Japan on April 13, 2006.

/s/ Takeo Kosugi

Takeo Kosugi